

(Washington, DC)- Today the House Financial Services Committee passed an amendment, offered by Congresswoman Gwen Moore and Congressman Luis Gutierrez, which defended minority homeownership efforts by federal government sponsored housing enterprises.

The amendment to H.R. 1461, the Federal Housing Finance Reform Act, addresses minority housing goals by restoring and improving the requirement that Fannie Mae and Freddie Mac reach out to underserved minority communities. H.R. 1461, which would make broad changes to the rules regarding Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, did not originally include renewal of this critical objective.

"This amendment perfectly addresses the problem of urban blight by ensuring that we continue to encourage private housing lenders to offer mortgages to minorities who are often otherwise red-lined out of buying a home in their neighborhood," Congresswoman Moore said. "Those who live within minority census tracts and communities tend to need this homeownership assistance since they are disproportionately low-income."

The Gutierrez-Moore Amendment requires that in order for a loan from Fannie Mae or Freddie Mac to count toward their underserved area goal, the borrower must reside in a minority census tract and must earn less than the area's median income.

Previously, loans given to potentially wealthy investors could be counted toward the private lender's underserved area goal if the real estate was to be purchased in a minority census tract that had less than 120 percent of the area median income. The Gutierrez-Moore Amendment restored the underserved area goal, but corrected this loophole by requiring that the borrower, not the census tract in general, meet the necessary income guidelines.

The Financial Services Committee, on which Congresswoman Moore serves, is expected to proof the Federal Housing Finance Reform Act later today. It will then come to the House floor for a vote in the near future.

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